

Steve Westly
California State Controller



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FOR IMMEDIATE RELEASE

***PLAN B NEEDED TO ASSURE
CALIFORNIA'S FINANCIAL FUTURE***

Controller Urges Tackling of Long-Term Debt Now

Sacramento, October 21, 2003 – State Controller Steve Westly released the following statement today:

“A delay in the Pension Obligation Bonds and Financial Recovery Bonds currently held up in court could jeopardize California’s ability to repay \$14 billion in short-term debt next June. If necessary, I am prepared to issue a refunding revenue anticipation warrant to make this payment. However, failure of these bonds would be cause for concern on Wall Street. This could impact my ability to issue the refunding RAW and could raise the costs of short-term borrowing.

“Although I am prepared to issue a RAW, this action would not address the long-term debt challenge facing California. Now is the time to face this problem head-on and avoid continually rolling-over debt to future generations of Californians.

“A contingency plan is needed in the event that the bonds fail. I am prepared to work with the Governor to ensure that California meets its financial obligations.

“As part of the transition, my office will soon be providing a more detailed cash flow analysis through June.”

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